GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:49
ANSWERED ON:17.10.2008
LOAN WAIVER FOR BIHAR AND ORISSA
Acharya Shri Prasanna

Will the Minister of FINANCE be pleased to state:

(a) whether Government is considering the cases of farmers whose crops have been washed away in recent floods like in Bihar and Orissa under loan waiver scheme; and

(b) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b) : Government of India has so far released Rs.1,000 crore and 1.25 lakh metric tonne of foodgrains to Bihar and has announced a relief assistance of Rs. 500 crore for Orissa. There is no separate loan waiver scheme for the farmers of these States under consideration. However, in order to provide relief to bank borrowers in times of natural calamities, Reserve Bank of India has issued standing guidelines to banks by way of a Master Circular, which is applicable to the States affected by recent floods e.g. Bihar and Orissa as well. The latest Circular in this series stipulates the following relief measures:

conversion of the principal amount outstanding in the crop loans and agricultural term loans as well as accrued interest thereon into term loans.
conversion/rescheduling loans and the interest accrued thereon for periods ranging from 3 to 1 0 years depending upon the frequency of crop failures/intensity of damage to crops;
fresh crop loans for affected farmers;
treatment of converted/rescheduled agri-loans as 'current dues';
non-compounding of interest in respect of loans converted/ rescheduled etc;
relaxed security and margin norms;
provision of consumption loans to agriculturists whose crops have been damaged ; and
moratorium period of at least one year, while restructuring.